

RETIREMENT HANDBOOK - YEAR 2000 PLAN



ALL ROADS LEAD TO RETIREMENT



MoDOT & Patrol
Employees' Retirement System

July 2004

Table of Contents

Introduction

Contacting MPERS	4
MoDOT/MSHP Phone Numbers	5
Introducing Your Benefits	6
Administration	8
Cost	9
Your Retirement Benefit	9

Membership and Service

Membership Requirements	10
Types of Service	10
Vesting Service	10
Creditable Service	10
Acquiring Service Credit	11
When to Apply	12
How to Pay for Purchases	12
Creditable Prior Service with MOSERS	12
How to Apply	13
Public Prior Employment Service	13
Public Employment Prior Service	14
How to Apply	14
Military Service Credit Purchase	15
How to Apply	16
Leaves of Absence	17
Unused Sick Leave Credit	17
Leaving State Employment	17
If You Are Not Vested	17
If You Are Vested	18

Retirement Options and Survivor Benefits

Normal (Full) Retirement	19
Eligibility Requirements	19
Base Benefit Formula	19
Computing Creditable Service	20
Base Benefit Computation (Applying the Formula)	20
Temporary Benefit	20
Minimum Base Benefit	21

Table of Contents

BackDROP	21
BackDROP Date	22
BackDROP Period	22
Payment Options	24
Applying for BackDROP	24
Early (Reduced) Retirement	25
Eligibility Requirements	25
Early (Reduced) Retirement Reduction Factor	25
Applying for Retirement	26
Proof of Age Documents	26
Designation of Agent	26
Deductions From Your Benefit Payment	27
Survivor Benefits	27
Death Before Retirement (Non Duty-Related)	27
Death Before Retirement (Duty-Related)	28
Death After Retirement	28
Benefit Payment Options	28
Pop-Up Provisions	32
Cost-of-Living Adjustment (COLA)	32
Death Benefits	32
Designation of New Spouse for Survivor Options	33
Effect of Reemployment with the State (After Retirement)	
on Benefit Payment	33
Benefit Eligible Position	33
Non-Benefit Eligible Position	33
Disability Benefits	34

Table of Contents

General Information

Final Payment of Monthly Retirement Benefit	35
Divorce Issues	35
Division of Benefits Order (DBO)	36
Alternative to the DBO	36
Obtaining Benefit Information	37
Benefit Period	37
Divorce Before Retirement	37
Divorce After Retirement	38
Multiple Divorces	38
Cost-of-Living Adjustments	38
Summary of DBO Provisions	38
Protection of Benefits	39
Waiving Your Benefit	39
Correction of Errors	39
Legal Notices	39
Financial Reports	39

Definitions	40
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Notes	43
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Introduction

Contacting MPERS

Our staff is here to provide you with accurate and up-to-date information and to counsel you regarding any questions or concerns you may have regarding your retirement benefit. Every employee's situation is different and we are here to help you make the best decisions possible.

Should you have questions regarding the Year 2000 Plan or require additional information after reading the handbook, please contact a benefit specialist at the numbers listed below or you may address your inquiry to:

MoDOT and Patrol Employees' Retirement System

1913 William Street - PO Box 1930
Jefferson City, MO 65102-1930

Business Hours

7:30 a.m. - 4:30 p.m.
Monday – Friday

Mailing Address

PO Box 1930
Jefferson City, MO 65102-1930

Building Location

1913 William Street
Jefferson City, MO 65109

Executive Fax

(573) 526-5895

Benefits Fax

(573) 522-6111

Phone Numbers

Main Number

(573) 751-4640

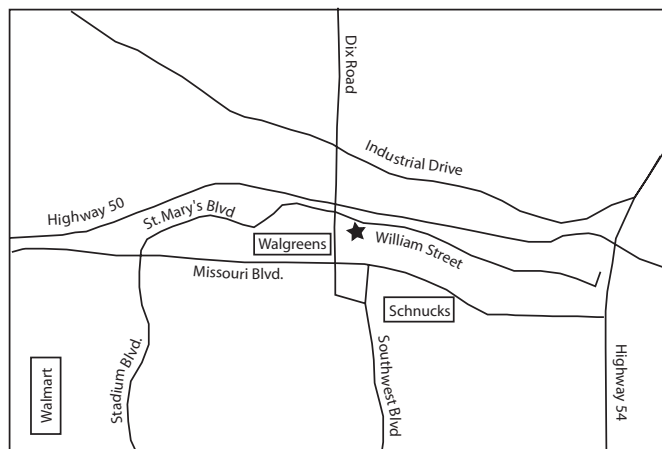
Toll Free

(800) 270-1271

Employee Directory

(573) 751-5533

Map to MPERS



Introduction

MoDOT and MSHP Phone Numbers

Missouri Department of Transportation

Central Office	Jefferson City	(573) 751-2551
District 1	St. Joseph	(816) 387-2350
District 2	Macon	(660) 385-3176
District 3	Hannibal	(573) 248-2490
District 4	Lee's Summit	(816) 622-6500
District 5	Jefferson City	(573) 751-3322
District 6	Chesterfield	(314) 340-4100
District 7	Joplin	(417) 629-3300
District 8	Springfield	(417) 895-7600
District 9	Willow Springs	(417) 469-3134
District 10	Sikeston	(573) 472-5333

Missouri State Highway Patrol

General Headquarters	Jefferson City	(573) 751-3313
Troop A	Lee's Summit	(816) 524-1407
Troop B	Macon	(660) 385-2132
Troop C	St. Louis	(314) 340-4000
Troop D	Springfield	(417) 895-6868
Troop E	Poplar Bluff	(573) 840-9500
Troop F	Jefferson City	(573) 751-1000
Troop G	Willow Springs	(417) 469-3121
Troop H	St. Joseph	(816) 387-2345
Troop I	Rolla	(573) 368-2345

Introduction

How to Use This Handbook

The blue side of this handbook contains information regarding the Year 2000 Plan.

For information on the Closed Plan, please turn the book over to the yellow side.

If there is any difference between the information provided in this handbook and the law or policies which govern MPERS, the law and policies will prevail.

The benefits described in this handbook apply only to active employees unless otherwise stated.

Examples provided in this handbook are for illustrative purposes only. Benefit amounts provided in the examples should not be construed as benefits you would receive upon retirement. For a personal benefit estimate with benefit amounts specific to you, please contact a benefit specialist.

Introducing Your Benefits

The MoDOT and Patrol Employees' Retirement System (MPERS) is pleased to provide you with the Year 2000 Plan member handbook. This member handbook gives you a general summary of the Year 2000 Plan benefit provisions administered by MPERS. Some of the topics explained in this handbook include membership and eligibility requirements, retirement and survivor benefits, the BackDROP, disability benefits, and other general information relating to the Year 2000 Plan. We hope this handbook will give you a general understanding of the major provisions of the Year 2000 Plan and will be of value to you when you have benefit or retirement questions about this plan. If there is any difference between the information provided in the handbook and the law or policies which govern MPERS, the law and policies will prevail.

A new retirement plan for state employees began with the enactment of Senate Bill 308 & 314. This new retirement plan is known as the Year 2000 Plan and became effective on July 1, 2000. **You are a member of the Year 2000 Plan if your first employment with MoDOT or MSHP began on or after July 1, 2000.**

Your employment status on July 1, 2000 determines:

- which retirement plan you will participate in while actively employed.
- your options at retirement.

Introduction

The following chart should help you determine in which plan you will participate. If you would like additional information about a specific provision or have questions regarding your retirement benefits, please contact a benefit specialist.

CLOSED PLAN	YEAR 2000 PLAN
<p>The Closed Plan is the existing retirement plan for employees hired <u>before</u> July 1, 2000. You will continue to participate in the Closed Plan until retirement if one of the following categories describes your employment status on <u>June 30, 2000</u>. At retirement, you may elect the Closed Plan or the Year 2000 Plan if you:</p> <ul style="list-style-type: none"> ▪ Were an active member of the Closed Plan (actively employed in a benefit eligible position). ▪ Were a terminated-vested member of the Closed Plan (eligible for future retirement benefits under the Closed Plan, but no longer working for the state). ▪ Were receiving disability benefits through MPERS disability plan. ▪ Were on a leave of absence. 	<p>Effective July 1, 2000, the retirement plan for new employees is the Year 2000 Plan. You will be a member of the Year 2000 Plan if one of the following categories describes your employment status <u>on or after</u> <u>July 1, 2000</u>.</p> <ul style="list-style-type: none"> ▪ You were hired for the first time in a benefit eligible position on or after July 1, 2000. ▪ You left state employment prior to becoming vested (not eligible for a future retirement benefit) and returned to work in a benefit eligible position on or after July 1, 2000.

Introduction

In a defined benefit plan, retirement system members who vest and meet certain age and service requirements are guaranteed a retirement benefit based on a formula set by law.

Administration

The retirement system (MPERS) administers retirement and survivor benefits, disability benefits, and death benefits for members of the system in accordance with Chapter 104 of the Revised Statutes of Missouri (RSMo). The retirement system operates as a 401(a) tax qualified “defined benefit plan”.

In accordance with state statute, a 10-member Board of Trustees governs MPERS. The Board consists of the following members:

- Three members of the Highway and Transportation Commission elected by the members of the Commission.
- The director of the Department of Transportation.
- The superintendent of the Highway Patrol.
- One member of the Senate appointed by the President Pro Tem of the Senate.
- One member of the House of Representatives appointed by the Speaker of the House.
- One active member of MPERS elected by a plurality vote of the active employee members of the Department of Transportation to serve a four-year term.
- One active member of MPERS elected by a plurality vote of the active employee members of the civilian or uniformed Highway Patrol to serve a four-year term.
- One retired member of MPERS elected by a plurality vote of all retired members of MPERS to serve a four-year term.

The Board is responsible for all aspects of the retirement system’s operations. The day-to-day management of MPERS is delegated to the executive director who is hired by the Board. The executive director acts as an advisor to the Board on all matters pertaining to the system and, with the approval of the Board, contracts for professional services and employs the remaining staff needed to operate the system. It is the goal of the executive director’s office to:

- Update you on legislative changes that affect your benefits.
- Provide individualized counseling regarding your benefit options (i.e. different plan provisions, benefit estimate showing your benefit amounts, etc.).
- Provide educational seminars relating to retirement matters.
- Make available, upon request, an Annual Financial Report, etc.

Introduction

Cost

Since August 13, 1976, the cost of your retirement plan is funded solely by employer contributions and income on investments from those contributions. The calculation of the contribution rate is based on a number of factors including the current level of benefits, the number of participants in the plan, current and future pay levels, the age and average life expectancy of members, expected earnings on investments, and the plan's unfunded liability. Each year, the MPERS' Board of Trustees establishes a contribution rate for the next fiscal year. The contribution rate, which is set as a percentage of payroll, is calculated by the system's actuary. The contribution rate is designed to cover the system's benefit obligations and administrative costs for the coming fiscal year and into the future.

You do not have an individual "account" with MPERS. Your benefits are financed by contributions from the state and investment earnings on those contributions.

Your Retirement Benefit

Once you retire, you will receive a monthly retirement benefit from MPERS for your life. If you are married and select a survivor option, your eligible surviving spouse will receive a lifetime survivor benefit, in the event of your death.

For members who have no spouse, there are guaranteed payment options available.

Your retirement benefit is calculated on:

- your highest 36 consecutive months of pay,
- your years and months of creditable service, and
- a multiplier that is set by the legislature.

The more service you have and the higher your annual pay, the higher your retirement benefit will be.

There are several sources that should make up your total retirement income: your retirement benefit from MPERS, your social security benefit, and your personal savings. By familiarizing yourself with your future estimated benefits from MPERS and social security you will be better able to assess how much you will need in personal savings to achieve your desired standard of living during retirement.

Membership and Service

To be eligible to participate in the Year 2000 Plan, you must be employed by MoDOT or MSHP in a position normally requiring you to work at least 1,000 hours per year.

A year is the twelve-month period beginning on your first day of employment.

Vesting service is used to determine your eligibility for a benefit.

Creditable service is used to determine the amount of your benefit.

If you terminate with MoDOT to accept employment with MSHP, or vice versa, your creditable service in MPERS continues with no interruption of service.

Membership Requirements

You are a member of the Year 2000 Plan if one of the following categories describes your employment status on or after July 1, 2000:

1. Hired by MoDOT or MSHP for the first time in a benefit eligible position on or after July 1, 2000. Your employer determines if your position is benefit eligible at the time you are hired.
2. Left state employment prior to becoming vested (not eligible for a future retirement benefit) and returned to work in a benefit eligible position on or after July 1, 2000.

Types of Service

Vesting Service

To be vested means you have the right to an annuity payable at a future date. Vesting service is used to determine your eligibility for a benefit (not the dollar amount).

In order to qualify for a retirement benefit from MPERS, you must have at least five years of vesting service. Your annuity will be based on your creditable service, final average pay, and the laws in effect at the time you terminate employment.

Creditable Service

Creditable service refers primarily to the length of time you have been working in a benefit eligible position (position normally requiring you to work at least 1,000 hours). If you are employed in a benefit eligible position with MoDOT or MSHP, you will earn one day of creditable service for each day worked, regardless of whether you work for more than one state agency in a day.

Your total creditable service (active and prior) is one of the factors used to calculate the amount of your retirement benefit. The more creditable service you have, the higher your monthly benefit amount. Therefore, you may want to investigate the possibilities of obtaining credit for any prior service.

If you cease to be an employee and are not eligible for any benefits from this system, you forfeit, waive and relinquish all accrued rights in the system, including creditable service held at the time of termination. If you return to state employment, your forfeited creditable service will be restored after one continuous year of membership in the system.

Membership and Service

Your retirement service record date is the date of record used by the system to determine your creditable service in MPERS; generally, this is the date you began employment with MoDOT or MSHP in a benefit eligible position. If applicable, this date will include creditable prior service with other state agencies and/or service that is purchased, e.g., military service, city police service (uniformed patrol members only), or non-federal public employment service.

Acquiring Service Credit

Your retirement benefit is based on a formula that takes into consideration the amount of service credit you have accumulated towards retirement. As previously mentioned members of MPERS earn one day of service credit for each day of work. That is the most common way of accumulating service credit. However, there are other ways.

- You may have active duty military service.
- You may have worked for some other public entity in the state of Missouri such as a local school district, city, county or the University of Missouri.
- You may have previous state service that was forfeited or that has not yet been credited.
- You may have service from another state agency that was creditable under the Missouri State Employees' Retirement System (MOSERS) that is eligible for transfer.

The next several sections of this handbook explain the different types of service and how you can find out whether or not you can receive credit in MPERS for your previous service. Generally speaking, you cannot receive credit for the same period of service under different retirement systems, or receive credit for any period of service for which you already have credit in MPERS. Additional service can increase your benefit and/or enable you to retire sooner. It is your responsibility to pursue any previous employment that may be eligible for purchase.

Some types of service may be added to your record at no cost, others may have to be purchased.

Membership and Service

When to Apply

You must complete the purchase or transfer of service prior to your date of retirement. It is your responsibility to complete and submit the appropriate form or contact a benefit specialist if you wish to receive credit for prior service.

- Because completing a service purchase often takes several months to finalize, this transfer of service should be initiated long before you apply for retirement. Generally speaking, you have up to two years to pay for purchased service.
- Waiting to purchase the service will increase the cost of the service. Some purchases have an interest component in the calculation. Some purchases are based on the present value of your retirement benefit, which increases as you get closer to retirement.

How to Pay for Purchases

Along with the cost estimate, you will receive an election form. If you decide to purchase your prior service credit, complete the election form and return it to MPERS. Prior service credit may be purchased using one or more of the following payment methods:

- **Lump Sum Payment** - You may make a single cash/check payment to MPERS to cover the cost of acquiring the prior service credit.
- **Monthly Payments/Payroll Deductions** - You may elect to make monthly payments directly to MPERS or have the payments deducted from your payroll check. If you elect this payment method, interest will be added to the purchase cost.
- **Rollover From Eligible Employer Plan or Traditional IRA** - You may use the funds from an eligible employer plan (including your Missouri Deferred Compensation Plan) or traditional IRA to purchase prior service credit.
- **Combination of Lump Sum and Monthly Payments** - Please note, if you take a partial Lump Sum payment up front, we will need to recalculate the amount of your monthly payment based on the remaining balance.

Creditable Prior Service with MOSERS (104.1021)

In addition to the creditable service you earn in MPERS in your present position, there are provisions that allow you to transfer any creditable service you may have with the Missouri State Employees' Retirement System (MOSERS) to MPERS at no cost to you.

If you have membership service in MOSERS, you may elect to receive credit for that service in MPERS. This transfer also works in the other direction. In other words, if you should become a member of MOSERS at a later date, you could transfer your MPERS service to that system. This type of service **can** be used

*Submission of the application does **not** obligate you to purchase prior service credit. It simply allows us to collect the information necessary to give you a cost.*

If you are considering transferring service to MOSERS you should contact MOSERS to initiate this transfer.

Membership and Service

to satisfy the vesting requirement (currently 5 years). This service **can** also be used in determining your eligibility for retirement.

How to Apply

When you are completing your employment paperwork, you will be asked to provide the name(s) of the state agency(ies) for which you previously worked. Upon receipt of the information, we will contact MOSERS to verify your service. You will receive a confirmation letter from MPERS when the service has been transferred.

If you have service in both MPERS and MOSERS and should happen to die before consolidating (transferring) your service, your eligible survivor may elect to transfer service from MOSERS in order to receive the highest possible benefit. The survivor benefit will be calculated on the combined service.

Public Employment Prior Service (104.1090)

In accordance with Section 104.1090, RSMo, any member of MPERS employed on or after July 1, 2000, who has completed 10 or more years creditable service in a benefit eligible position, may receive additional creditable service for previous public employment within the state of Missouri that is covered by another retirement plan. This type of service **cannot** be used to satisfy the vesting requirement (currently 5 years). This service **can** be used in determining your eligibility for retirement. Members of the Closed Plan who elect at retirement to be covered by the Year 2000 Plan may also be eligible for the additional creditable service. In order to qualify for this service, the following conditions must be met:

- There must be an agreement between MPERS and the other Missouri retirement plan to transfer to MPERS an amount equal to the member's account balance with the other Missouri retirement plan.
- The member must be vested in the other Missouri retirement plan.
- No such creditable service remains credited in the other retirement plan.
- The member applies for the additional creditable service prior to retirement.

Currently agreements exist with the following retirement systems:

- County Employees' Retirement Fund (CERF) - Jefferson City, Missouri
- University of Missouri Retirement, Disability & Death Benefit Plan - Columbia, Missouri
- St. Louis Employees Retirement System - St. Louis, Missouri
- Community Fire Protection District - St. Louis, Missouri

Contact a benefit specialist for the most up-to-date listing.

Membership and Service

Before you can apply for public employment service credit, you must be vested (5 or more years creditable service) in MPERS.

You do not have to purchase all of your service at once. You may elect to purchase only a portion of the time now. Any remainder can be purchased at a later date.

You cannot receive credit for the same period of public employment service under two retirement systems. If you obtain credit in MPERS for prior public employment service, you must forfeit all rights to benefits under the other retirement system. (105.691.9)

Public Employment Prior Service (105.691)

You may acquire service credit for any full-time, non-federal public sector employment within the state of Missouri. "Public employment" refers to employment with a city, county, municipality, public school, or other political subdivision. Federal employment and out-of-state employment **are not** eligible.

If you have full-time nonfederal, public employment covered by a retirement plan, you may qualify to purchase your creditable service from that plan. You may purchase the service by using your own money and/or transferring the value of the service in the prior retirement plan, if that plan has an agreement with MPERS. If you have full-time nonfederal, public employment not covered by a retirement plan, your only option is to purchase the service. You must be vested (5 or more years of creditable service) in MPERS before you can apply for public employment service credit. This service **can** be used in determining your eligibility for retirement.

Before you decide to purchase this type of service, you should contact a financial advisor to determine how the purchase will affect your overall financial plan. ***Any purchase/transfer of service must be completed prior to retirement.*** If payment in full is not made within this prescribed time period, any partial payments made by the individual because of the election shall be refunded, and no creditable service shall be allowable in the receiving plan as a result of the partial payments. (105.691.6)

How to Apply

If you are interested in purchasing full-time, non-federal public employment service, you must provide information regarding the employer and the period of service you wish to purchase. This information is to be provided on an *Election to Purchase/Transfer Credit under Section 105.691, RSMo* form that is available from your district/division/troop. The member must then take the *Election to Purchase/Transfer Credit* form to the former employer's office or retirement system for verification. They will then return the form to MPERS for a calculation of cost to be made on the service that is verified. Public employment prior service, as explained above, is granted only when **specific conditions** have been met.

Membership and Service

Military Service Credit Purchase (104.1021.6)

In the Year 2000 Plan, you must be vested (have five or more years creditable service) before you can purchase military service.

Members who served and were honorably discharged from one of the following branches of the military may receive up to four years of creditable prior service for their active duty time. Only active duty military service performed before becoming a member of MPERS is eligible for purchase. Military service includes:

- Army, Air Force, Navy, Marine Corps, or Coast Guard
- Army and Air National Guard

You must purchase all the months of eligible service and the purchase must be made prior to retirement. Payment for purchase of military service will be based on the following: 1.) member's annual salary rate when initially employed by the state in a benefit eligible position, 2.) the contribution percentage being paid by the state on member's date of employment in a benefit eligible position and 3.) the elapsed time from the member's date of employment in a benefit eligible position to the date of election to purchase military service. Periods of military service to be purchased cannot coincide with your employment with MoDOT, MSHP, or any other state agency.

If a member dies prior to completion of monthly payments for military purchase, the surviving spouse or dependent children will be given the option of making a lump sum payment of the balance due and receiving the creditable service, or receiving a refund of payments already made and not receiving the creditable service.

If you have been granted unpaid military leave, under the Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA), you may qualify for automatic credit of military service. The leave will be considered creditable service in MPERS if you meet all the requirements of the USERRA including:

- Were a state employee immediately prior to entry into the armed forces;
- Served during a period of "active armed" warfare; and,
- Were reemployed by the state in accordance with USERRA guidelines after termination of such service by an honorable discharge or release to inactive status.

If you elect to purchase your military service, you must purchase all of the service (months and days) up to a total of four years.

Once the requested information is received, a cost estimate will be made and documentation will be provided to the employee regarding options for payment.

Membership and Service

To be eligible to purchase military service credit you must be an active or terminated vested member. You must purchase all months of eligible service (up to 48 months), and the purchase must be made prior to retirement. You must be vested (5 or more years of creditable service) in MPERS before you can apply for military service credit. Military service **can** be used in determining your eligibility for retirement.

MPERS requires that you submit a copy of your military DD 214 or NGB Form 23 or Army National Guard Current Annual Statement, which verifies the following:

- Your service was in an eligible branch of the U.S. Armed Forces or reserve component.
- Your dates of service.
- You were honorably discharged.

If you do not have a copy of your DD 214, NGB Form 23 or Army National Guard Current Annual Statement, you may obtain one by contacting the:

National Personnel Record Center

9700 Page Avenue

St. Louis, MO 63132

(314) 263-3901

www.nara.gov/regional/mpr.html

If you lived in Missouri when you were discharged from the service, you may obtain a copy of your discharge form by calling the:

Missouri National Guard

(573) 638-9890 or (573) 638-9683

How to Apply

If you are interested in purchasing military service, you must provide the retirement system a copy of your military DD 214. Once the DD 214 is received a cost estimate will be made and documentation provided the member regarding options for payment. If you have any questions regarding your military service, please contact a benefit specialist at (800) 270-1271.

Membership and Service

Leaves of Absence

There are various leaves of absence offered by MoDOT and MSHP; however, it is important to remember that an approved leave of absence does not guarantee you will receive creditable service for the period of time on leave; not all leaves of absence qualify for creditable service. If your agency approves the following leaves of absence, you will continue to accrue creditable service:

- Absences taken by an employee without compensation for sickness or injury of the employee of up to twelve months may be counted as continuous service.
- Absences for Family Medical Leave (twelve weeks in a twelve month period).
- Military Service.
- Approved leave for Worker's Compensation.

If you have questions concerning your eligibility for a leave of absence, please contact your district/division/troop representative.

Unused Sick Leave Credit

You will receive one month of credited service for every 168 hours (21 days) of unused sick leave reported to MPERS by your employer. Unused sick leave will be used in calculating the amount of your retirement benefit.

Leaving State Employment

If You Are Not Vested (104.1018)

If you terminate employment with MoDOT/MSHP and have less than five years of creditable service, you forfeit your accrued service credit and all rights to benefits in MPERS' Year 2000 Plan. If you return to work in a benefit eligible position, your forfeited creditable service in the Year 2000 Plan will be restored after one continuous year of membership in the system and combined with your new membership service in the Year 2000 Plan. Future benefits, if eligible, will be in the Year 2000 Plan and will be computed on your total creditable service, final average pay, and laws in effect at the time of your subsequent termination or retirement.

Unused sick leave cannot be used in determining your eligibility for retirement, nor can it be used to meet the five year vesting requirement.

In general, the retirement laws in effect on the date you leave state employment determine both your eligibility for a benefit and the provisions used to calculate your benefit.

Membership and Service

When you apply for retirement benefits, you will have the same benefit payment (survivor) options as an active employee who is retiring (Reference Benefit Payment Options on pages 28 and 29)

If you are vested and leave state employment, please contact MPERS if your address changes.

If You Are Vested (104.1036)

If you leave state employment and have five or more years of creditable service, you will be vested and entitled to a deferred annuity. You may not use creditable service that is purchased to meet the five-year minimum service requirement. The annuity will be based on your creditable service, final average pay, and the laws in effect at the time of your termination. You will receive a letter from MPERS notifying you of your vested status and the benefits you are eligible to receive as a vested former member.

Approximately 90 days prior to your eligibility for normal (full) retirement, an *Application for Retirement Benefit* will be mailed to you from the retirement system (MPERS). The form will indicate your option(s) for receiving a retirement benefit, an estimate of your benefit amount and the estimated date you will be eligible to begin receiving benefits (*Reference Eligibility Requirements under Normal (Full) Retirement on page 19*).

As a vested member, you may be eligible to opt to begin receiving your benefit early; however, the benefit will be reduced (*Reference Early (Reduced) Retirement on page 25*). If you choose to take your benefit early, it will be your responsibility to contact the retirement system at least 90 days before the date you want to retire early.

As a vested member, it is important to keep the retirement system (MPERS) informed of your current address as well as any beneficiary changes. This information is of utmost importance in advising you of legislative changes, contacting you to secure necessary documents when you are approaching retirement age, and contacting your spouse or unemancipated children should survivor benefits become due.

Retirement Options and Survivor Benefit

Normal (Full) Retirement

Your eligibility for retirement depends on your age and the amount of creditable service you have earned. The retirement laws in effect on the date you leave state employment determine both your eligibility for a benefit and the provisions used to calculate your benefit.

Eligibility Requirements (104.1003.20)

You qualify for normal (full) retirement benefits when you meet one of the following age and service requirements:

MoDOT & Civilian Patrol Employees

- Age 62 with at least 5 or more years creditable service (active or term-vested).
- “Rule of 80” - at least age 48 with the sum of your age and service equaling 80 or more (active or term-vested).

Uniformed Patrol Employees (104.1024.4)

- “Rule of 80” - at least age 48 with the sum of your age and service equaling 80 or more (active or term-vested).
- Mandatory retirement at age 60 with at least 5 or more years creditable service (active only).

Base Benefit Formula (104.1024.2)

Your base benefit when you retire is calculated using a formula that is set by law and takes into account the following factors:

- ***Final Average Pay*** - the average of your highest 36 consecutive months of pay including cash overtime.
- ***Multiplier*** - a percentage factor set by the legislature for use in calculating your benefit (currently set at 1.7 percent).
- ***Creditable Service*** - years and months (twelfths of a year) of service credit you have accumulated including credit for unused sick leave (if applicable).

Retirement Options and Survivor Benefit

Your base benefit will be reduced if you elect:

- *Early retirement*
- *Joint & 50% Survivor Option*
- *Joint & 100% Survivor Option*
- *Life Income With 60 Guaranteed Payments*
- *Life Income With 120 Guaranteed Payments*

Future formula (multiplier) increases in the Year 2000 Plan, if any, will not be passed along to retirees.

Computing Creditable Service

To compute an employee's total years of creditable service, the following example is illustrated. We will assume the member's total creditable service is 24 years and 10 months and the member has a balance of 560 hours of unused sick leave.

Years of Creditable Service 24 Years 10 Months
 Credit for Accumulated Unused Sick Leave (560 hours) 3 Months
 Total Creditable Service for Calculating Annuity 25 Years 1 Month
 (or 25.0833** Years)

Portion of a Year Calculations**

1/12	=	.0833	7/12	=	.5833
2/12	=	.1667	8/12	=	.6667
3/12	=	.2500	9/12	=	.7500
4/12	=	.3333	10/12	=	.8333
5/12	=	.4167	11/12	=	.9167
6/12	=	.5000	12/12	=	1.0000

Base Benefit Computation (Applying the Formula)

For an employee having 25 years and 1 month of total creditable service (as shown in the preceding example), and assuming his/her final average pay is \$2,500, the formula to calculate their monthly base benefit is shown in the example below. The formula takes into account the three factors previously mentioned.

Example

Final Average Pay	x	Multiplier (1.7%)	x	Years of Creditable Service	=	Monthly Base Benefit
\$2,500.00	x	.017	x	25.0833	=	\$1,066.04

Temporary Benefit (104.1024.4)

The temporary benefit is designed to provide you with supplemental income until you are eligible for reduced social security benefits (currently age 62). To receive the temporary benefit, you must elect the Year 2000 Plan and retire under the "Rule of 80". (*Note: Uniformed Patrol employees are eligible for the temporary annuity when they reach mandatory retirement age (currently age 60) and have five years of creditable service.*) The temporary benefit is in addition to your life annuity and will be equal to eight tenths of one percent (0.008) of the member's final average pay multiplied by the member's years of creditable service. The temporary benefit does not apply to survivor benefits and early (reduced) retirement benefits.

Survivors and beneficiaries are not eligible for the temporary benefit.

Retirement Options and Survivor Benefit

If you die while receiving the temporary benefit, any survivor benefits will be determined by your base benefit amount and the benefit payment option you elected when you retired. The temporary benefit and any COLAs earned on the temporary benefit amount will terminate at the end of the calendar month in which the earlier of the following events occur:

- Your death.
- Your attainment of age 62.

The following example illustrates the calculation of the temporary benefit. The same assumptions have been used as shown in the previous examples.

Example

Final Average Pay	x	Multiplier (0.8%)	x	Years & Months of Creditable Service	=	Monthly Temp. Benefit
\$2,500.00	x	.008	x	25.0833	=	\$501.67

$$\text{Base Benefit} + \text{Temporary Benefit} = \text{Monthly Benefit}$$

Minimum Base Benefit (104.1024.3)

A minimum base benefit ensures that no member eligible for retirement will receive less than a certain amount. The minimum base benefit amount is used only when it is greater than the amount determined by the base benefit formula. If you are entitled to a minimum base benefit, you will receive \$15 for each full year of creditable service. For example, if you work 25 years, your minimum base benefit will be \$375 (25 years x \$15 per year = \$375). To be eligible, you must begin receiving a retirement benefit the first of the month immediately following the date you leave state employment.

BackDROP (104.1024.6)

BackDROP is a payment option you may be able to elect upon retirement. This option provides for a benefit to be calculated as if you elected to retire at a previous date. If you elect the BackDROP, the monthly benefit payable on your actual retirement date is based on the benefit you would have been receiving had you left employment and retired on the BackDROP date. In addition, you will receive a lump sum payment equal to 90% of the life income annuity amount you would have received during the BackDROP period.

Retirement Options and Survivor Benefit

You are not required to take any action related to BackDROP until you actually retire.

To be eligible for the BackDROP, you must meet all the following requirements:

- You were actively employed in a benefit eligible position on the date you were first eligible for normal (full) retirement.
- You continued to be employed in a benefit eligible position at least two years beyond your normal (full) retirement eligibility date.
- You retire directly from active employment.

BackDROP Date

You may select the BackDROP date used in calculating your retirement benefit. Selecting the BackDROP date gives you the opportunity to maximize your monthly benefit payment or lump sum amount.

Whatever BackDROP date you choose, it must meet both of the following requirements. It must be:

- On or after the date you were first eligible for normal (full) retirement benefits.
- Within the five year period immediately prior to your actual retirement date.

BackDROP Period

The BackDROP period depends on how long you work past normal (full) retirement eligibility. The BackDROP period consists of your full years and months of service rendered between your BackDROP date and your actual retirement date. The BackDROP period will be in the range of one year to five years.

BackDROP Examples

Monthly Benefit - with BackDROP

This example reflects the benefit for an employee electing the Joint & 100% survivor option in the Year 2000 Plan. The employee's spouse is 5 years younger than the employee. *(Note: reduction factor for the survivor option is applied on retirement date - not on BackDROP date.)*

Age on BackDROP Date	50 Years
Age at Actual Retirement	53 Years
Service on BackDROP Date	30 Years
Service Beyond Normal (Full) Retirement	3 Years
Final Average Pay (BackDROP Date)	\$2,300.00
Estimated annual cost-of-living adjustment (COLA)	2%

Retirement Options and Survivor Benefit

Employee's Base Benefit

FAP		Multiplier		Years		Base Benefit
\$2,300.00	x	.017	x	30	=	\$1,173.00

FAP		Multiplier		Years		Temp. Benefit
\$2,300.00	x	.008	x	30	=	\$552.00

\$1,725.00 Total Benefit

Employee's Retirement Benefits During BackDROP Period

2nd & 3rd years include an estimated 2% annual COLA—no COLA received in the first year when retiring under Year 2000 Plan)

	Base Benefit	-	COLA	Temporary Benefit	-	COLA	Total Monthly Benefit	Total Annual Benefit
1st Year	\$1173.00		0	\$552.00		0	\$1,725.00	\$20,700.00
2nd Year	\$1173.00		\$23.46	552.00		\$11.04	\$1,759.50	\$21,114.00
3rd Year	\$1196.46		\$23.93	563.04		\$11.26	\$1,794.69	\$21,536.28

Total Benefits \$63,350.28

BackDROP Distribution (90% Lump Sum)

$$\$63,350.28 \text{ (Total Benefits)} \times .90 = \$57,015.25 \text{ (Lump Sum Payment)}$$

or

$$\$57,015.25 \div 3 = \$19,005.08 \text{ (3 Annual Installments)}$$

Tax Withholding - Lump Sum Payment

$$\$57,015.25 \times .20 = \$11,403.05 \text{ (20% Withholding)}$$

$$\$57,015.25 - \$11,403.05 = \$45,612.20$$

Tax Withholding - Three Annual Installments

$$\$19,005.08 \times .20 = \$3,801.02 \text{ (20% Withholding)}$$

$$\$19,005.08 - \$3,801.02 = \$15,204.06$$

Monthly Benefit @ Retirement (with BackDROP)

Base Benefit	+	COLAs	x	Reduction Factor (Survivor Option)	=	Reduced Base Benefit	+	Temporary Benefit & COLAs	=	Monthly Benefit
\$1,173.00	+	\$47.39	x	0.853	=	\$1,040.99	+	\$574.30	=	\$1,615.29

If you elect a joint and survivor option, the reduction will be based on your age, and the age of your spouse, as of the BackDROP date.

Retirement Options and Survivor Benefit

Monthly Benefit - without BackDROP

Assumptions:

Age at Actual Retirement 53 Years

Years of Creditable Service on Retirement Date 33 Years

Final Average Pay (FAP) on Retirement Date \$2,500.00

FAP		Multiplier		Years		Base Benefit
\$2,500.00	x	.017	x	33	=	\$1,402.50

FAP		Multiplier		Years		Temp. Benefit
\$2,500.00	x	.008	x	33	=	\$660.00

\$2,062.50 Total Benefit

Monthly Benefit (without BackDROP)

Base Benefit	x	Reduction Factor (Survivor Option)	=	Adj. Base Benefit	+	Temp. Benefit	=	Monthly Benefit
\$1,402.50	x	0.8410	=	\$1,179.50	+	\$ 660.00	=	\$1,839.50

Payment Options

You may receive your BackDROP distribution one of three ways:

- **Cash Option** - If you elect the cash option, the distribution will be paid directly to you. MPERS is required to withhold 20% of the payment for IRS purposes and report it as federal income tax withholding.
- **Rollover Option** - If you elect the rollover option, your payment must be made directly to a qualified plan. Your payment will not be taxed in the year of the rollover and no income tax will be withheld. The payment will be taxed upon withdrawal.
- **Combination Cash and Rollover Option** - If you elect the combination option, you may specify the amount of your distribution to be made directly to a qualified plan. The balance will be paid to you (less the required 20% federal income tax withholding).

Applying for BackDROP

You are not required to take any action related to the BackDROP until you apply for retirement. At that time, you may elect the BackDROP option on the *Application for Retirement Benefit*. An estimate of your monthly retirement benefit **with** and **without** the BackDROP will be provided to you.

Retirement Options and Survivor Benefit

Early (Reduced) Retirement (104.1033)

Eligibility Requirements

You are eligible for early (reduced) retirement when you meet the following age and service requirement:

- Age 57 with 5 or more years of creditable service.

Early (Reduced) Retirement Reduction Factor

If you elect early (reduced) retirement, your base benefit is reduced by .005 for each month your age at early (reduced) retirement is younger than your normal (full) retirement age.

The formula for calculating the early (reduced) retirement reduction factor is:

$$\text{One} - (\text{Months Retiring Early} \times .005) = \text{Early (Reduced) Retirement Factor}$$

Example

We will assume the employee is 59 years of age, has 18 years creditable service and average monthly compensation is \$2,500.00. With 18 years of service, this person would be eligible for normal (full) retirement at age 62; by electing early (reduced) retirement, he/she will be retiring 36 months early.

Reduction Factor Calculation

$$36 \text{ Months} \times .005 = .18$$

$$1 - .18 = .820 \text{ (reduction factor)}$$

Base Benefit Calculation

$$\$2,500 \times .017 \times 18.0 = \$765.00$$

$$\$765.00 \times .820 = \$627.30 \text{ (reduced monthly benefit)}$$

If taking early (reduced) retirement, you are not eligible for the temporary benefit of 0.008.

Retirement Options and Survivor Benefit

There are only 12 dates per year that you may retire...January 1, February 1, March 1, etc.

The payment date for each month's retirement benefit is the last working day of the month.

The designation of agent form relates only to your MPERS benefits and becomes effective when your physician determines you are incapacitated.

Applying for Retirement

When you elect to retire, you must complete and submit an *Application for Retirement Benefit (R-9)* to MPERS. Your completed application along with the necessary documentation must be filed at least 60 days, but not more than 120 days, prior to your effective date of retirement.

Your retirement date will always be the first day of the month following the month in which you attain the age and service requirement qualifying you for a benefit, or the first of any month thereafter. However, if your birthday falls on the first day of the month, you may retire that particular month.

Proof of Age Document(s)

To establish your eligibility for retirement, you must submit an acceptable proof-of-age document with your *Application for Retirement Benefit*. A legible copy of one of the following documents is acceptable:

- Birth Certificate
- Bureau of the Census Form
- Military Form DD 214
- Infant Baptismal Record (record must show date of birth)
- Page from a life insurance policy which identifies your age and has been in effect for 5 years
- Passport

If you are married, and select a survivor option, please submit your spouse's proof-of-age document and marriage certificate with your retirement application. MPERS cannot complete the verification of your retirement benefit without these documents. Please DO NOT send original proof-of-age documents!

Designation of Agent

If you become incapacitated (no longer able to handle your own affairs), MPERS must pay benefits to the individual who has legal responsibility for your financial matters. Any employee, retiree or beneficiary may designate an agent who will be responsible for managing his/her benefits from MPERS. You can name an agent and a successor agent by requesting a *Designation of Agent (for application or receipt of a MPERS benefit)* form. The form allows you to choose an agent who can make benefit decisions for you if you become disabled or incapacitated. This form does not give your agent broad powers like those usually found in a durable power of attorney. MPERS will recognize your agent first regarding the distribution of your benefit. In the event your agent cannot or will not perform these duties, MPERS will look to

Retirement Options and Survivor Benefit

your successor agent for instructions. If no agent has been designated, the following order of persons may act as agent upon submission of a written statement from a physician who has determined the benefit recipient is disabled or incapacitated:

- The spouse of the benefit recipient.
- A child of the benefit recipient.
- A brother or sister of the benefit recipient.
- A parent of the benefit recipient.

MPERS is not liable with regard to any payment made in good faith to your agent.

Deductions From Your Benefit Payment

The following deductions may be withheld from your monthly benefit payment:

- Federal Income Tax.
- Missouri Income Tax.
- MoDOT/MSHP Medical Insurance Premium(s).
- Optional, Association and Met Life/BMA Insurances.
- Approved Cancer Insurance Premium.
- Credit Union (deduction can be made for only one Highway Credit Union even though you may belong to more than one).

Survivor Benefits

Death Before Retirement (Non-Duty Related) (104.1030)

If you have five or more years of creditable service and die before retirement, the spouse to whom you are married on the date of your death is eligible to receive survivor benefits. The monthly benefit for the surviving spouse will be based on the benefit you have accrued as of your date of death and calculated according to the Joint & 100% Survivor Option (*Reference page 29*). Benefits continue throughout the lifetime of the spouse and an annual COLA (*Reference cost-of-living adjustment on page 32*) is provided.

If there is no eligible surviving spouse, or the spouse is deceased, a total of 80% of your monthly base benefit, in equal shares, will be paid to your eligible surviving children under age 21 (unless the child is totally incapacitated). If a child is under 18 years of age, benefits will be payable to the surviving parent as natural guardian of such child (if such parent has custody or assumes custody of the child), or to the legal guardian of such child, until attaining age 18; thereafter, the benefit is paid to the child until age 21. An annual COLA is provided to eligible surviving children.

Association life insurance is only available to MoDOT employees; Met Life/BMA insurance is only available to MSHP employees.

If no state tax designation is received, no tax will be withheld. If no federal tax designation is received, we are required to withhold taxes as if you claimed married with three allowances. In February of each year, benefit recipients will receive a Form 1099-R (the equivalent of the W-2 form you received as an active employee) showing your income and taxes for the previous year.

Retirement benefits are not subject to social security and medicare tax withholdings.

The survivor benefit will be payable for the remainder of your spouse's life (even if spouse remarries) and an annual cost-of-living adjustment will be provided.

Retirement Options and Survivor Benefit

In the event of a duty-related death, there is no minimum service requirement.

Survivor benefit payments begin the first of the month following your date of death; however, they are not automatic. Each eligible benefit recipient must submit an Application for Survivor Benefits with required documentation. If there is no eligible surviving spouse or eligible surviving children under age 21, no benefits will be payable.

**Under certain conditions, your payment option may be changed. See "Designation of New Spouse for Survivor Options."*

Death Before Retirement (Duty-Related) (104.1030.4)

If you die while actively employed and your death is determined to be duty-related by the Board of Trustees, the spouse to whom you are married on the date of your death, or your eligible surviving children under age 21, will receive a minimum survivor benefit equal to 50% of your final average pay. In the event of a duty-related death, there is no minimum service requirement.

Death After Retirement

At retirement, you must elect a benefit payment option on your *Application for Retirement Benefit*. This election determines whether or not a benefit will be paid to anyone after your death. The payment option you select cannot be changed after your effective date of retirement, except under certain circumstances (*Reference Designation of New Spouse for Survivor Option on page 33*). Your spouse/beneficiary must apply for survivor benefits which will start the first of the month following your date of death.

Benefit Payment Options (104.1027)

In addition to electing a plan, you must also elect a benefit payment option on your *Application for Retirement Benefit*. This election determines whether or not a benefit will potentially be paid to anyone after your death.

Your payment option* and plan election cannot be changed after the first retirement benefit payment has been mailed or electronically transferred by MPERS. Regardless of the payment option you elect, you will receive a benefit payment each month for your lifetime. The payment options available under the Year 2000 Plan include:

Life Income Annuity

- Your retirement benefit will not be reduced.
- No survivor benefits will be paid.
- You must name a beneficiary to receive your final payment from MPERS.
- You will continue to receive a benefit, which includes an annual COLA, for your lifetime.

Retirement Options and Survivor Benefit

Joint & 50% Survivor

- Your retirement benefit will be reduced to provide a survivor benefit for your spouse.
- Your eligible spouse will receive 50% of the benefit amount you are receiving at the time of your death (excluding any temporary benefit).
- Survivor benefits will be paid to the individual who was the spouse at the time of the member's retirement, or as provided on page 33 in the section titled "Designation of New Spouse for Survivor Options". The benefit will continue throughout the life of the surviving spouse (even if the spouse remarries) and will include an annual COLA.

Joint & 100% Survivor

- Your retirement benefit will be reduced to provide a survivor benefit for your spouse.
- Your eligible spouse will receive 100% of the benefit amount your are receiving at the time of your death (excluding any temporary benefit).
- Survivor benefits will be paid to the individual who was the spouse at the time of the member's retirement, or as provided on page 33 in the section titled "Designation of New Spouse for Survivor Options". The benefit will continue throughout the life of the surviving spouse (even if the spouse remarries) and will include an annual COLA.

Life Income with 120/180 Guaranteed Payments

- Your retirement benefit will be reduced.
- Allows you to name a beneficiary (can be anyone) to receive your final benefit payment and the remaining number of guaranteed payments (if any).
- Allows you to change your beneficiary at any time. In the event there is no beneficiary at the time of death, the remainder will be paid as allowable by law.
- If you live longer than the number of guaranteed payments, the reduced benefit will continue throughout your lifetime and will include an annual COLA.

Survivor benefit recipients are not eligible for formula increases or the temporary benefit; however, they are eligible for annual COLAs.

If married on the annuity starting date, the member's annuity shall be paid under either the Joint & 50% or the Joint & 100% benefit payment option, with the spouse as the member's designated beneficiary, unless the spouse consents, in writing, to the member electing another form of payment.

Regardless of the benefit payment option you select, you will receive a benefit for your lifetime.

By law, a person may receive benefits as a surviving spouse of only one deceased member. The benefit election shall be made by the surviving spouse.)

Retirement Options and Survivor Benefit

Joint & 50% Survivor Reduction Factors

(Number of Years Spouse is OLDER* than Retiree)

Retiree Age**	0	+1	+2	+3														
48	94.2	94.5	94.8	95.0	+4													
49	93.9	94.2	94.5	94.8	95.0	+5												
50	93.6	93.9	94.2	94.5	94.8	95.0	+6											
51	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+7										
52	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+8									
53	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+9								
54	92.4	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+10							
55	92.1	92.4	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+11						
56	91.8	92.1	92.4	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+12					
57	91.5	91.8	92.1	92.4	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+13				
58	91.2	91.5	91.8	92.1	92.4	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+14			
59	90.9	91.2	91.5	91.8	92.1	92.4	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+15		
60	90.6	90.9	91.2	91.5	91.8	92.1	92.4	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+16	
61	90.3	90.6	90.9	91.2	91.5	91.8	92.1	92.4	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0	+17
62+	90.0	90.3	90.6	90.9	91.2	91.5	91.8	92.1	92.4	92.7	93.0	93.3	93.6	93.9	94.2	94.5	94.8	95.0

* Spouse Older or Younger is rounded up at 6 months.

** Retiree's age is not rounded up.

Reduction Factors are to be applied only to the Life Annuity of 0.017. The temporary benefit of 0.008 IS NOT reduced.

Joint & 50% Survivor Reduction Factors

(Number of Years Spouse is YOUNGER* than Retiree)

Retiree Age**	0	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15	-16	-17
48	94.2	93.9	93.6	93.3	93.0	92.7	92.4	92.1	91.8	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1
49	93.9	93.6	93.3	93.0	92.7	92.4	92.1	91.8	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8
50	93.6	93.3	93.0	92.7	92.4	92.1	91.8	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5
51	93.3	93.0	92.7	92.4	92.1	91.8	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2
52	93.0	92.7	92.4	92.1	91.8	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9
53	92.7	92.4	92.1	91.8	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6
54	92.4	92.1	91.8	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6	87.3
55	92.1	91.8	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6	87.3	87.0
56	91.8	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6	87.3	87.0	86.7
57	91.5	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6	87.3	87.0	86.7	86.4
58	91.2	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6	87.3	87.0	86.7	86.4	86.1
59	90.9	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6	87.3	87.0	86.7	86.4	86.1	85.8
60	90.6	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6	87.3	87.0	86.7	86.4	86.1	85.8	85.5
61	90.3	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6	87.3	87.0	86.7	86.4	86.1	85.8	85.5	85.2
62+	90.0	89.7	89.4	89.1	88.8	88.5	88.2	87.9	87.6	87.3	87.0	86.7	86.4	86.1	85.8	85.5	85.2	84.9

* Spouse Older or Younger is rounded up at 6 months.

** Retiree's age is not rounded up.

Reduction Factors are to be applied only to the Life Annuity of 0.017. The temporary benefit of 0.008 IS NOT reduced.

Retirement Options and Survivor Benefit

Joint & 100% Survivor Reduction Factors

(Number of Years Spouse is OLDER* than Retiree)

Retiree Age**	0	+1	+2	+3														
48	88.6	89.1	89.6	90.0	+4													
49	88.2	88.7	89.2	89.7	90.0	+5												
50	87.8	88.3	88.8	89.3	89.8	90.0	+6											
51	87.4	87.9	88.4	88.9	89.4	89.9	90.0											
52	87.0	87.5	88.0	88.5	89.0	89.5	90.0	+7										
53	86.6	87.1	87.6	88.1	88.6	89.1	89.6	90.0	+8									
54	86.2	86.7	87.2	87.7	88.2	88.7	89.2	89.7	90.0	+9								
55	85.8	86.3	86.8	87.3	87.8	88.3	88.8	89.3	89.8	90.0	+10							
56	85.4	85.9	86.4	86.9	87.4	87.9	88.4	88.9	89.4	89.9	90.0							
57	85.0	85.5	86.0	86.5	87.0	87.5	88.0	88.5	89.0	89.5	90.0	+11						
58	84.6	85.1	85.6	86.1	86.6	87.1	87.6	88.1	88.6	89.1	89.6	90.0	+12					
59	84.2	84.7	85.2	85.7	86.2	86.7	87.2	87.7	88.2	88.7	89.2	89.7	90.0	+13				
60	83.8	84.3	84.8	85.3	85.8	86.3	86.8	87.3	87.8	88.3	88.8	89.3	89.8	90.0	+14			
61	83.4	83.9	84.4	84.9	85.4	85.9	86.4	86.9	87.4	87.9	88.4	88.9	89.4	89.9	90.0	+15	+16	+17
62+	83.0	83.5	84.0	84.5	85.0	85.5	86.0	86.5	87.0	87.5	88.0	88.5	89.0	89.5	90.0	90.0	90.0	90.0

* Spouse Older or Younger is rounded up at 6 months.

** Retiree's age is not rounded up.

Reduction Factors are to be applied only to the Life Annuity of 0.017. The temporary benefit of 0.008 IS NOT reduced.

Joint & 100% Survivor Reduction Factors

(Number of Years Spouse is YOUNGER* than Retiree)

Retiree Age**	0	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15	-16	-17
48	88.6	88.1	87.6	87.1	86.6	86.1	85.6	85.1	84.6	84.1	83.6	83.1	82.6	82.1	81.6	81.1	80.6	80.1
49	88.2	87.7	87.2	86.7	86.2	85.7	85.2	84.7	84.2	83.7	83.2	82.7	82.2	81.7	81.2	80.7	80.2	79.7
50	87.8	87.3	86.8	86.3	85.8	85.3	84.8	84.3	83.8	83.3	82.8	82.3	81.8	81.3	80.8	80.3	79.8	79.3
51	87.4	86.9	86.4	85.9	85.4	84.9	84.4	83.9	83.4	82.9	82.4	81.9	81.4	80.9	80.4	79.9	79.4	78.9
52	87.0	86.5	86.0	85.5	85.0	84.5	84.0	83.5	83.0	82.5	82.0	81.5	81.0	80.5	80.0	79.5	79.0	78.5
53	86.6	86.1	85.6	85.1	84.6	84.1	83.6	83.1	82.6	82.1	81.6	81.1	80.6	80.1	79.6	79.1	78.6	78.1
54	86.2	85.7	85.2	84.7	84.2	83.7	83.2	82.7	82.2	81.7	81.2	80.7	80.2	79.7	79.2	78.7	78.2	77.7
55	85.8	85.3	84.8	84.3	83.8	83.3	82.8	82.3	81.8	81.3	80.8	80.3	79.8	79.3	78.8	78.3	77.8	77.3
56	85.4	84.9	84.4	83.9	83.4	82.9	82.4	81.9	81.4	80.9	80.4	79.9	79.4	78.9	78.4	77.9	77.4	76.9
57	85.0	84.5	84.0	83.5	83.0	82.5	82.0	81.5	81.0	80.5	80.0	79.5	79.0	78.5	78.0	77.5	77.0	76.5
58	84.6	84.1	83.6	83.1	82.6	82.1	81.6	81.1	80.6	80.1	79.6	79.1	78.6	78.1	77.6	77.1	76.6	76.1
59	84.2	83.7	83.2	82.7	82.2	81.7	81.2	80.7	80.2	79.7	79.2	78.7	78.2	77.7	77.2	76.7	76.2	75.7
60	83.8	83.3	82.8	82.3	81.8	81.3	80.8	80.3	79.8	79.3	78.8	78.3	77.8	77.3	76.8	76.3	75.8	75.3
61	83.4	82.9	82.4	81.9	81.4	80.9	80.4	79.9	79.4	78.9	78.4	77.9	77.4	76.9	76.4	75.9	75.4	74.9
62+	83.0	82.5	82.0	81.5	81.0	80.5	80.0	79.5	79.0	78.5	78.0	77.5	77.0	76.5	76.0	75.5	75.0	74.5

* Spouse Older or Younger is rounded up at 6 months.

** Retiree's age is not rounded up.

Reduction Factors are to be applied only to the Life Annuity of 0.017. The temporary benefit of 0.008 IS NOT reduced.

Retirement Options and Survivor Benefit

Factors are to be applied only to the Life Annuity of 0.017. The temporary benefit of 0.008 is not reduced.

Former spouses receiving a division of benefits (dated prior to September 1, 2001), are not eligible to receive COLAs. However, former spouses whose division of benefits order occurred on or after September 1, 2001, will be entitled to receive an annual COLA.

The annual COLA will be payable the same month each year for your lifetime.

Guaranteed Payment Options

Survivor Plan Option	Reduction Factor Percentage
120 Guaranteed Payments	0.950
180 Guaranteed Payments	0.900

Pop-Up Provisions (104.1027.3)

When you retire, if you elect the Joint & 100% or Joint and 50% survivor option and your spouse or eligible former spouse precedes you in death, your benefit will revert back (pop-up) to the life income annuity amount. The effective date of the pop-up will be the first of the month following your spouse's date of death. The pop-up is not automatic; you must complete an *Application for Benefit to Revert to a Normal Annuity* and provide MPERS with a copy of your spouse's death certificate before the benefit will be adjusted.

Cost-of-Living Adjustment (COLA) (104.1045)

MPERS provides an annual COLA to eligible retired members, eligible surviving spouses or former spouses, beneficiaries, and surviving children under the age of 21. For example, if you retire in February, your annual COLA increase will be payable with your February benefit payment each year. The calculation of the annual COLA is described below.

- The annual COLA rate will be equal to 80% of the increase in the Consumer Price Index for All Urban Consumers for the United States (CPI-U) with an annual maximum of 5%.

Example of calculating COLA rate using the CPI-U

$3.00\% \text{ (CPI-U)} \times .80 \text{ (80\%)} = 2.40\% \text{ COLA Rate}$

Death Benefits (104.1072)

MPERS provides a \$5,000 death benefit for a designated beneficiary(ies) of members who retired after September 28, 1985.

This benefit is also available to work-related disability recipients who began receiving benefits on or after September 28, 1985

Terminated vested members and long-term disability recipients **do not** qualify for this benefit. Long-term disability members who retire on or after September 28, 1985 **are** eligible to receive this benefit.

To apply, a *Death Benefit Claim Form (R-49A)* must be submitted along with a copy of the member's death certificate.

Retirement Options and Survivor Benefit

MPERS is required to report any death benefits received to the Internal Revenue Service (IRS). At the end of the calendar year in which it was paid, *Form 1099-R, "Distribution Form Pensions, Annuities, ... Contracts, etc."* will be sent to the benefit recipient.

Even though the retirement system is required to report the death benefit amount to the IRS, we are not in a position to determine if there will be any effect on the recipient's tax liability. The recipient of the death benefit should contact their tax preparer regarding their tax liability.

Designation of New Spouse for Survivor Options (104.1027.5)

When you retire and elect a benefit payment option, there are two circumstances under which you may reelect your benefit payment option:

- If you are single at retirement and elect the Life Income Annuity option (not eligible to elect a joint and survivor option), you may change your benefit option if you later marry. You will have **one year from your date of marriage** to submit a *Designation of New Spouse* form to elect one of the joint and survivor options and name your spouse as the beneficiary.
- If you elect one of the joint and survivor options on your *Application for Retirement Benefit* and your spouse dies, you will be allowed to provide a survivor benefit for your spouse if you remarry. You will have **one year from your date of marriage** to submit a *Designation of New Spouse* form to reelect one of the joint and survivor options and name your spouse as the beneficiary.

Effect of Reemployment with the State (After Retirement) on Benefit Payment (104.1039)

Benefit Eligible Position

If a retiree is hired as an employee in a position normally requiring at least 1,000 hours per year by a department:

- Your monthly retirement benefit from MPERS stops for any month during which you are actively employed.
- You will earn service credit for any time worked after you retire.

When you retire again, your benefit will be equal to the monthly benefit you were receiving when you originally retired plus an additional monthly benefit for the service earned during your reemployment and paid in accordance with the annuity option originally elected.

Non-Benefit Eligible Position

You may work for a department in a non-benefit eligible position normally requiring less than 1,000 hours per year. Working in a non-benefit eligible position does not have any impact on your eligibility to continue receiving retirement benefits. You do not earn creditable service for such employment.

You may work in a state position less than 1,000 hours per year (part-time) and receive a retirement benefit from MPERS at the same time.

At the time you are hired, MoDOT/MSHP determines if your position is benefit or non-benefit eligible.

Disability Benefits

There are two types of disability plans; long-term and work-related. You are eligible for disability coverage the day you become a member of the retirement system.

Applications for disability benefits may be obtained from your district/division/troop.

Disabilities determined to have commenced prior to July 1, 2004 are subject to approval by the Board of Trustess of the retirement system. Details regarding the disability plans may be obtained by contacting the retirement system for applications dated prior to July 1, 2004.

Effective July 1, 2004, the disability program will be fully insured through The Standard Insurance Company. A handbook explaining the provisions of the disability program will be available at that time. You may obtain this handbook by contacting your district/division/troop.

General Information

Final Payment of Monthly Retirement Benefit (104.1054)

Any benefit recipient (retiree, survivor or beneficiary) may designate a beneficiary to receive the final payment from MPERS. Effective September 1, 2002, if a beneficiary has not been designated, the final payment will be paid in the following order to the deceased benefit recipient's:

- Surviving spouse (to whom member was married at the time of death).
- Surviving children or their descendants (divided equally).
- Surviving parents (divided equally).
- Surviving brothers and sisters or their descendants (divided equally).

If no one is eligible to receive the final payment, the payment will be made as otherwise permitted by law.

Divorce Issues (104.1051)

Your retirement benefit from the MPERS may be “marital property.” If you have been married at any time while an active member of MPERS and are considering a divorce, your spouse may be legally entitled to receive a portion of your retirement benefit. However, in order to divide your benefit, you must be eligible to ultimately receive a benefit without regard to future service (be vested) on the date of your divorce.

Section 104.1051 of the Revised Statutes of Missouri (RSMo), effective July 1, 2000, permits the division of MPERS retirement benefits in the event of a divorce. This law allows MPERS to pay a portion of your pension benefit directly to your former spouse at the time you begin receiving payments from MPERS. Before MPERS can divide your benefit, a court of competent jurisdiction must issue a *Division of Benefits Order (DBO)*. According to the law, the court may award your ex-spouse up to 50% of the benefit accrued during your marriage. The benefit for service accrued before the marriage and after the date of dissolution cannot be divided. No payment will be issued to your ex-spouse until you begin receiving benefits from MPERS.

If no one is eligible to receive the final payment, the payment will be made as otherwise permitted by law.

Any temporary annuity received by the member shall accrue solely to the benefit of the member only.

General Information

Division of Benefits Order (DBO)

To assist you in obtaining an acceptable DBO, we recommend you follow these steps:

1. Discuss divorce proceedings with your attorney. Ask about your rights and options regarding “marital property”.
2. Obtain a DBO packet and benefit estimate from MPERS (this may be obtained upon written request from either the court, the member, or the member’s spouse, which cites RSMo section 104.1051.2 and identifies the case number and parties).
3. Have your attorney prepare a DBO according to the sample DBO provided in the packet. Submit it to MPERS for approval prior to the court date.
4. Have a DBO signed by the appropriate parties including the judge.
5. Obtain a certified copy of the DBO from the Circuit Clerk. Submit the certified copy to MPERS for processing. MPERS will not process a DBO until a certified copy is received at MPERS’ office.

As an alternative to the DBO, you may choose to divide the present value of your retirement benefit at the time of divorce as a part of the property division. If you elect this alternative, no payments from MPERS will be made to your ex-spouse.

Alternative to the DBO

There are two important details to remember when considering whether or not to use a DBO:

1. No payment will be issued to your ex-spouse until you begin receiving benefits from MPERS.
2. The only way in which MPERS is legally authorized to divide your benefit is by using a DBO.

MPERS is **exempt** from *Qualified Domestic Relations Orders* (QDROs) provided for by the 1984 Retirement Equity Act. For the most part, the 1974 Employee Retirement Income Security Act (ERISA), which was amended to provide for QDROs, only relates to private sector pension plans. Government pension plans like MPERS are exempt from this provision of federal law. There may be other alternative methods available to you as well. Please consult your attorney to decide which method of dividing your benefit is best for you.

General Information

Obtaining Benefit Information

Generally, the DBO estimate will show the amount of creditable service, the benefit formula, and the accrued monthly retirement benefit attributable to the period of marriage. Divorce benefit information may be obtained upon written request from either the court, the member, or the member's spouse, by citing RSMo section 104.1051.2 and identifying the case number and the parties. The member will be provided a copy of the information that is released.

Example of Calculating the Ex-Spouse Payment

Assumptions

- Began working for the state 9/1/85
- Date of marriage was 10/17/89
- Date of dissolution is 11/31/98
- Average compensation at date of dissolution (based on highest 36 months of salary) is \$2,000
- Ex-spouse awarded 50% of your benefit in the DBO

Service Accrued During Marriage

$$\begin{array}{rcl}
 98 - 11 - 31 & \text{(date of dissolution)} & \\
 - 89 - 10 - 17 & \text{(date of marriage)} & \\
 \hline
 9 - 1 - 14 & \text{(9 years 1 month 14 days)} &
 \end{array}$$

Benefit Calculation

Average Compensation	x	Multiplier (1.7%)	x	Yrs/Mths of Service	=	Benefit Eligible for Division
\$2,000.00	x	.017	x	9.0833	=	\$ 308.83

Benefit Eligible For Division		Percentage Specified in DBO		Ex-Spouse Payment
\$308.83	x	.50	=	\$ 154.42

Benefit Period

Divorce Before Retirement

In accordance with the DBO, ex-spouse payments will commence when you begin receiving benefits from MPERS. Upon your death or the death of your ex-spouse, the DBO will automatically terminate.

General Information

Divorce After Retirement

Payments to the ex-spouse will begin the first of the month following receipt of an acceptable DBO. MPERS will only divide retirement benefit payments paid after receipt of the DBO. Upon the death of either party, the DBO will automatically terminate. If you are predeceased by your former spouse, your benefit will increase by the amount otherwise payable to the ex-spouse on the first of the month following the month in which your ex-spouse dies.

Multiple Divorces

If you should marry and divorce more than once, the court can enter more than one DBO. Each order can only divide the benefit accrued during that marriage.

If you have any additional questions regarding divorce and the division of your benefits, contact a benefit specialist.

Cost-of-Living Adjustments

Former spouses receiving benefits from a *Division of Benefits Order* (dated prior to September 1, 2001), are not eligible to receive COLAs. However, for former spouses whose *Division of Benefits Order* occurred on or after September 1, 2001, any annual benefit increase shall be part of the monthly amount subject to division.

Summary of DBO Provisions

- MPERS will not automatically divide your retirement benefit in the event of divorce. The only way in which MPERS is legally authorized to divide your benefit is by using a DBO.
- The division amount is negotiable at the time of divorce. It can be any amount up to 50% of your benefit accrued during the marriage.
- There may be other alternative methods available to divide the value of your retirement benefit. Ask your attorney about your rights and options.
- If you marry and divorce more than once, the court can authorize more than one DBO. Each order can only divide the benefit accrued during that marriage.
- No payment will be issued to your ex-spouse until you begin receiving benefits from MPERS.
- In order to have your benefit divided, you must be eligible for a benefit (vested) on the date of your divorce.
- A DBO can be obtained and submitted to MPERS after the divorce. Don't assume the DBO is automatically part of the divorce.
- The DBO will automatically terminate upon the death of either party.

It is important that you and your ex-spouse keep MPERS updated on any address changes. We will contact both of you if there is a change in benefit amount or status.

General Information

Protection of Benefits (104.1054.2)

Your retirement benefits from MPERS are not subject to execution, garnishment, attachment, writ of sequestration, or any other process or claim, except, any payment from the retirement system is subject to the collection of child support or spousal maintenance. Also, your benefit may not be assigned, except with a *Division of Benefit Order* issued by a court of competent jurisdiction in a dissolution of marriage proceeding. Information concerning an acceptable *Division of Benefits Order* is available, upon request, from the retirement system.

Waiving Your Benefit (104.1048)

You may waive your monthly retirement benefit for a period of time. However, federal law forbids the waiver of your benefit once you are over age 70-1/2. If you decide to waive your benefit and reinstate it later, the amounts waived are forfeited.

Correction of Errors (104.1060)

The executive director of MPERS is in charge of all records of the retirement system. If, due to an error, you receive more or less than the benefit to which you are entitled, the error, when discovered, will be corrected and your benefit adjusted accordingly.

If errors in your records are due to fraud, the perpetrator(s) of the fraud will be subject to a fine or imprisonment under the Revised Statutes of Missouri.

Legal Notices (104.1006)

Legal notices must be in writing and served upon the executive director or assistant director of MPERS at the address below:

MoDOT and Patrol Employees' Retirement System

1913 William Street - PO Box 1930

Jefferson City, MO 65102-1930

Financial Reports (105.661)

State law requires all public employee retirement systems in Missouri to publish a *Comprehensive Annual Financial Report*. This report will be sent to you upon request.

Definitions

Annuity - Annual payments, made in equal monthly installments, to a retired member.

BackDROP - Deferred Retirement Option Provision available to active employees who retire on or after January 1, 2002. Must continue working at least two years beyond normal (full) retirement age. A benefit is calculated as if you elected to retire at a previous date and, in addition, you receive a lump sum payment equal to 90% of the total benefits you would have received had you retired at that time (maximum five years BackDROP Payments).

Base Benefit - The amount a member is entitled to receive at retirement before any reductions for early (reduced) retirement or a survivor option.

Beneficiary - Any person entitled to or designated by a member or retiree who may be legally entitled to receive benefits from MPERS.

Closed Plan - A benefit plan administered by MPERS prior to July 1, 2000. No person first employed on or after July 1, 2000, shall become a member of the Closed Plan, but the Closed Plan shall continue to function for the benefit of persons covered by and remaining in the Closed Plan and their beneficiaries.

Consumer Price Index for All Urban Consumers for the United States (CPI-U) - The Consumer Price Index for All Urban Consumers for the United States, or its successor index, as approved by a board, as such index is defined and officially reported by the United States Department of Labor, or its successor agency. The CPI-U is used by MPERS to determine the annual cost-of-living adjustment (COLA) rate for benefit recipients.

Creditable Service - The sum of your membership service and creditable prior service used in calculating the amount of your benefit. In no case shall more than one day of creditable service or creditable prior service be credited any member for any one calendar day of eligible service credit.

Department - Any department or agency of the executive, legislative or judicial branch of the state of Missouri receiving state appropriations, including allocated funds from the federal government but not including any body corporate or politic unless its employees are eligible for retirement coverage from a system under Chapter 104, RSMo, as otherwise provided by law.

Definitions

Employee - Any person who is employed by a department and is paid a salary or wage by a department in a position normally requiring the performance of duties of not less than 1,000 hours per year. The term “employee” shall not include any patient or inmate of any state, charitable, penal or correctional institution, or any person who is employed by a department in a position that is covered by a state-sponsored defined benefit retirement plan not created by Chapter 104 RSMo. The term “year” shall mean the twelve-month period beginning on the first day of employment.

Final Average Pay - The average pay of a member for the thirty-six full consecutive months of service before termination of employment when the member’s pay was greatest; or if the member was on workers’ compensation leave of absence or a medical leave of absence due to an employee illness, the amount of pay the member would have received for such leave of absence as reported and verified by the employing department; or if the member was employed for less than thirty-six months, the average monthly pay of a member during the period for which the member was employed.

Member - A person who is included in the membership of MPERS, as set forth in Chapter 104 RSMo, Section 104.1009.

Membership Service - The service after becoming a member of MPERS that is recognized in determining your eligibility for and the amount of a member’s benefits.

Pay

1. All salary and wages payable to an employee for personal services performed for a department, excluding:
 - a. Any amounts paid after an employee’s employment is terminated, unless the payment is made as a final installment of salary or wages at the same rate as in effect immediately prior to termination of employment in accordance with a state payroll system adopted on or after January 1, 2000.
 - b. Any amounts paid upon termination of employment for unused annual leave or unused sick leave.
 - c. Pay in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code as amended and other applicable federal laws or regulations.
 - d. Any nonrecurring single sum payments.

Definitions

2. All salary and wages which would have been payable to an employee on workers' compensation leave of absence during the period the employee is receiving a weekly workers' compensation benefit, as reported and verified by the employing department.
3. All salary and wages which would have been payable to an employee on a medical leave due to employee illness, as reported and verified by the employing department.

Retiree - A person receiving an annuity from the Year 2000 Plan based upon the person's employment record.

Vested Former Member - A member with five or more years of creditable service upon termination of membership and who is entitled to a deferred annuity upon meeting the age and service requirements.

Year 2000 Plan - The benefit plan created by Chapter 104, RSMo, Sections 104.1003 to 104.1093.

Notes

Notes